

KENISTON HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2014

KENISTON HOUSING ASSOCIATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

MANAGEMENT COMMITTEE

Jane Clarke
Sudhin Chatterji
Graham Colley
Graham Garratt
Seema Jassi
Barry Luhmann
Alan Messenger
Julian Miles
Anthony Mills
David Salenius
Bruce Shelmerdine

CHIEF EXECUTIVE

Nevil Osborne

SECRETARY

Andrew Shiatis

BANKERS

National Westminster Bank Plc
354 Crofton Road
Farnborough
Kent
BR6 8UN

AUDITORS

Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

REGISTERED OFFICE

13 Artington Close
Farnborough
Orpington
Kent
BR6 7UL

STATUTORY REGISTRATIONS

Industrial and Provident Societies Act
No. 19475R

Registered Social Landlord
No. L1965

KENISTON HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2014

The Management Committee is pleased to present its report and the audited Financial Statements for the year ended 31 March 2014.

Principal Activities

The principal activity of the Association is the provision and management of affordable rented accommodation for people in housing need.

Review of the Business

The financial results for the year ended 31 March 2014 are broadly in line with budget with the exception of a one-off adjustment for sinking fund balances. Further details of this adjustment are given in note 3C.

The Association made a surplus of £748,517 (2013: £643,737) for the year, on a turnover of £4,279,276 (2013: £4,092,809). Total revenue reserves are £8,646,580 (2013: £7,898,063) (note 16).

After taking account of transfers and other investments in properties, the Association's assets before deducting long term loans total £11,549,756 (2013: £10,744,789).

Contracts started during the year include:

- Stock re-investment works internally to 110 properties and externally to 6 properties.
- External redecoration works covering 111 properties .
- Adaptations to properties for 26 people with disabilities.
- Full refurbishment of 1 street property.

In May 2014, the Association completed the construction of 14 new properties in Islington. The total development cost was partly funded by both the Greater London Authority and Islington Council.

Management Committee Members

The members of the Management Committee of the Association who have served during the year are shown below:

Kim Bailey (terminated 19 September 2013)
Jane Clarke
Graham Colley
Sukhrajit Dhadwar (resigned 8 May 2014)
Graham Garratt
Robert Goddard (resigned 23 January 2014)
Jennifer Hillier (resigned 19 September 2013)
Barry Luhmann (co-opted 20 February 2014)
Alan Messenger
Julian Miles
Anthony Mills
David Salenius
Bruce Shelmerdine
Clifford Yeend (resigned 27 March 2014)

On 8 May 2014, Sudhin Chatterji and Seema Jassi were co-opted onto the Management Committee.

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Management Committee Members (continued)

The members of the Management Committee are expected to:

- uphold the values and objectives of the Association;
- uphold the Association's core policies (including those for equal opportunities);
- prepare for and attend meetings of the Committee;
- participate in meetings, contributing expertise where applicable;
- contribute to and share responsibility for the Committee's decisions;
- consider attending training sessions, conferences or other events for enhancing skills and contributions as a committee member;
- ask for training where it is needed;
- represent the Association on occasions;
- welcome new Committee members;
- declare any relevant interest;
- respect confidentiality of information; and
- uphold the Association's Code of Governance.

Once the appointment has been approved at the Annual General Meeting, each member of the Management Committee, holds one fully paid share of £1 in the Association. As with all Industrial and Provident Societies, profits are not distributed to Shareholders.

Insurance

Insurance policies are maintained by the Association for all buildings, certain areas of risk and for members of the Management Committee and all staff against liabilities in relation to the Association.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitude and abilities. In the event of employees becoming disabled, the policy is to make every effort to retain them in order that their employment within the organisation may continue.

Equality and Diversity

The Association takes its responsibility seriously for delivering services in a way which is seen to be fair. A review of Equality and Diversity was conducted by external advisors and an action plan drawn up in order to meet legal and regulatory requirements. This plan is reviewed and updated annually.

Training

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees. Approximately 107 training sessions were provided for 37 staff during the year at a total cost of approximately £16,333 (2013: £17,534). Appropriate training is also made available to all members of the Management Committee.

Employee Involvement

The Association has continued its practice of keeping employees informed on matters affecting them and on the progress of the Association. This is carried out in a number of ways, including formal and informal briefings and team meetings.

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Donations

The Association made small charitable donations of money to other organisations supporting local communities in which the Association works or for the homeless.

Corporate Governance

The Management Committee has substantially adopted the principles of the National Housing Federation's (NHF) Excellence in Governance (2010) and Code of Conduct 2012; good practice codes for board members of Housing Associations.

The Management Committee is committed to integrity and accountability in the stewardship of the Association's affairs and considers that the Association has complied throughout the period under review with the provisions of the NHF's Code of Governance.

The Association uses the National Housing Federation model rules 2011 with charitable and other minor amendments.

Composition of the Management Committee

The Management Committee currently comprises 11 non-executive members and normally meets with the senior managers 9 times a year.

Additionally, the Finance Manager is elected as Secretary and is a non-voting member of the Committee.

The Committee has a formal schedule of matters reserved for its decision, which includes overall group strategy and future development, allocation of financial resources, risk management, acquisitions and disposals, approval of major financial transactions, annual budgets, annual results, appointment of the Chief Executive and various policies including treasury management.

Responsibility for the Association's day to day operations is delegated to the Management Team who report through the Chief Executive.

The complaints subcommittee met once during the year.

The Management Team

The senior staff of the Association who served during the year are as follows:

Vivienne Astall	(Housing Services Manager)
Tony Coward	(Repairs Service Manager)
Helene Harris	(Finance Manager – resigned 31 July 2013)
Nevil Osborne	(Chief Executive)
Andrew Shiatis	(Finance Manager – appointed 12 August 2013)

The senior staff hold no interest in the Association's share capital. They act as executives within the authority delegated by the Management Committee. The detailed scrutiny and performance, the development of policy and procedures and expenditure approvals within budget are carried out by the Management Team in conjunction with other staff and advisers. The Management Team normally meets twice a month.

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Internal Controls

The Management Committee is ultimately responsible for the Association's system of internal control and for reviewing its effectiveness. However, it is recognised that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Even though there is no longer a regulatory requirement to follow the Housing Corporation Circular 07/07 the Management Committee continues to comply with it. The Management Committee confirms there is an on-going process for identifying, evaluating, and managing the significant risks faced by the Association, that has been in place for the year under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the Management Committee and in accordance with the Circular.

The Management Committee has reviewed the effectiveness of the system of internal control by reviewing the evidence of controls, the Risk Management policy and the procedures in place over the year. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

The Risk Management policy includes:

- the need for managing on-going viability, especially to fund stock reinvestment works and development of new homes;
- avoidance of high impact risks;
- balancing growth and existing service provision;
- insurance; and
- use of internal and external auditors.

Managers are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on an on-going basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe, regulatory requirements and failure to achieve business critical objectives.

A control self-assessment and hierarchical reporting framework has been established which provides for a documented and auditable trail of accountability. These procedures are relevant across all operations and provide for assurances to be given through the Management Team to the Management Committee. Members of the Management Team report quarterly to the Management Committee on their review of risks through a checklist of internal controls and how they are managed within their individual responsibilities.

Independent internal auditors also provide a degree of assurance as to the operation and validity of the systems of internal control. A three year programme of internal audit derived from an audit needs assessment includes reviewing the risk identification procedures and control processes implemented by the Management Team. Internal Auditors have continued the programme of reviews during the year and the internal audit reports with management responses have been reported promptly to the Management Committee, following each review visit. Planned corrective actions are monitored for timely completion.

The Chief Executive also reports to the Management Committee on behalf of the Management Team on significant changes in the business and the external environment which affect significant risks. The Finance Manager provides the Management Committee with quarterly financial information which includes key performance and risk indicators. Performance reporting on key areas of activity is also reported to the Management Committee quarterly.

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Going Concern

The Management Committee has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

Auditors

A resolution to reappoint the auditors, Nexia Smith and Williamson will be proposed at the next Annual General Meeting.

Disclosure of Information to the Auditors

In the case of each person who was a member of the Management Committee at the time this report was approved:

- so far as that member was aware, there was no relevant available information of which the Association's auditors were unaware; and
- that member had taken all steps that he or she ought to have taken as a member of the Management Committee to make himself or herself aware of any relevant audit information and to establish that the Association's auditors were aware of that information.

Value for Money

The Association has three key objectives. These are to;

- Maintain very high resident satisfaction.
- Develop the business to achieve growth by providing more homes for people who need them.
- Extend community involvement initiatives.

Its purpose is to meet housing need, provide good quality well managed affordable homes and to deliver the services that tenants want through exceptional customer service and by listening and responding appropriately to feedback.

One of the most important considerations for the Association is the provision of Value for Money homes and services to its tenants, whilst also considering the needs of the local authorities and the local communities within which it operates.

In response to the Homes and Communities Agency's regulatory standard, the Association has defined Value for Money as:

- The cost that it is prepared to pay for its services.
- Good quality, appropriate and locally focussed services to the right people at the right time.
- The best use of resources to deliver its objectives which balance cost, quality and added value.

Approach to Value for Money

The Association's approach is to have policies and procedures which provide an accountable, day to day framework for the economic, effective and efficient delivery of its services and which also enable the achievement of future on-going Value for Money improvements.

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Value for Money (continued)

Keniston uses specific IT software which provides a cost effective way of providing many of its essential functions, including systems for rent, accounting and repairs. These systems allow the Association to report and monitor its performance.

The Association considers its staff to be one of its most important assets. The Management Committee and Management Team are focused on having the right people and the right level of human resource to provide the right level of service at the right cost. This involves ensuring staff are properly trained to do their work and providing staff with the appropriate resource to enable them to carry out their roles. Keniston has a remuneration strategy which specifies how pay is set to recruit and retain staff with the proper skills and experience.

There is an annual programme of stock reinvestment in the Association's properties which is based on a 30 year forward projection of the need for replacing building components such as windows, roofs, bathrooms and kitchens. The costs associated with this projection are tested financially in the Association's long term plan to ensure affordability. The Association's policy is that on-going and timely investment in the condition and quality of its housing is fundamental in maintaining the physical asset and the public investment in Keniston's social housing stock. This way the properties remain lettable over a prolonged period of time.

The Association also provides an annual budget for estate improvements. This together with the stock reinvestment programme helps to maintain the overall look of the Association's housing stock and in providing an environment which residents can be proud of and one in which they are more likely to respect their own property and surroundings. The Association believes that this establishes sound foundations for a more cohesive community.

Performance during the year

During the year the Management Team carried out specific Value for Money reviews in key areas of their responsibilities, including:

- Cleaning and gardening where a survey of tenants indicated satisfaction levels in excess of 80%.
- Mobile phones and postage where the Association has achieved on-going savings in the region of £4,500 per year.
- Responsive repairs where the Association's spend is currently being benchmarked against other similar Associations with a view to seeing whether any reduction in costs can be achieved without compromising the quality of its services.
- Anti-Social behaviour where the average cost per case is some 32% below the national average.

In addition, Keniston is a member of the London Smaller Housing Association's benchmarking group (BM320) and through this it has access to performance data and cost information from other smaller, as well as some larger, registered providers. This benchmarking shows that the Association compares favourably with its peers and also nationally. In addition, Keniston participates in the South East Consortium, a procurement organisation for the benefit of its members and is also a member of Procurement for Housing which provides cost effective frameworks for many relevant services.

KENISTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Value for Money (continued)

Return on Assets

The Association's assets are used to support the development of new affordable homes in order to help meet government objectives, without compromising its programme of investment in existing properties. The long term financial forecast indicates that a modest programme of developing new homes can continue in the medium term. In May 2014, Keniston completed its programme of developing 14 new homes in the Islington area.

Keniston also sees the delivery of social value from its assets as an important part of its operations. It achieves this in a number of different ways such as providing tenants with security of tenure, supporting community based activities, adopting a more personal approach to housing management, supporting tenants with their finances, delivering clean and tidy estates together with safe areas to play and providing onsite scheme managers for older people enabling them to live independently for an extended period of time.

Future Value for Money Reviews

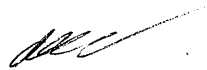
The Association will continue to carry out further Value for Money reviews in the coming year, setting targets across a number of areas and monitoring performance on a regular basis.

Conclusion

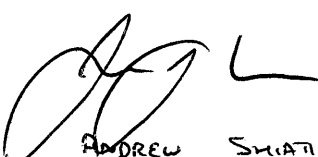
In the light of all the above, having considered the Association's performance and the independently collected results of high levels of resident satisfaction, the conclusion drawn is that the Association can demonstrate its compliance with the regulatory standard on Value for Money.

A copy of the Association's full Value for Money report is available through its website at <http://www.kenistonha.co.uk/page14.html>.

By order of the Management Committee


Bruce Shelmerdine
Chair

Date: 24 July 2014


ANDREW SMITH
SECRETARY

24/7/14

KENISTON HOUSING ASSOCIATION LIMITED

STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Management Committee is responsible for preparing the Financial Statements in accordance with applicable law and regulations.

The Industrial and Provident Societies Acts and registered social housing legislation require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these Financial Statements the Management Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and its assets and liabilities and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Acts 1965 to 2002, and the Accounting Direction for Private Registered Providers of Social Housing 2012. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Management Committee is also responsible for the maintenance and integrity of the corporate and financial information which is included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENISTON HOUSING ASSOCIATION LIMITED

We have audited the Financial Statements of Keniston Housing Association Limited for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the requirements of statute. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Management Committee and the Auditor

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 10, the Management Committee is responsible for the preparation of Financial Statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the Financial Statements

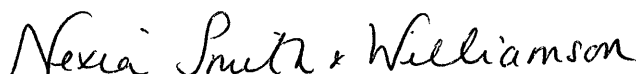
In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the Financial Statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: 11 August 2014

KENISTON HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	2013 £
Turnover	2,3	4,279,276	4,092,809
Operating costs	2,3	(3,358,317)	(3,286,174)
Operating surplus	2,3	920,959	806,635
Other income		48,716	54,424
(Loss)/Surplus on sale of fixed assets	8	(626)	4,018
Surplus on ordinary activities before interest and tax		969,049	865,077
Other interest receivable and similar income		17,845	24,579
Interest payable and similar charges	6	(238,377)	(245,919)
Surplus for the year	7	748,517	643,737


The Association's activities are all classified as continuing. There were no recognised gains or losses other than those reported above.

KENISTON HOUSING ASSOCIATION LIMITED


BALANCE SHEET AS AT 31 MARCH 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets:			
Housing properties: cost less depreciation	9	55,480,300	53,905,730
Social housing grant	9	(46,296,976)	(46,280,810)
		<hr/>	<hr/>
		9,183,324	7,624,920
Other tangible fixed assets	10	232,681	257,025
		<hr/>	<hr/>
		9,416,005	7,881,945
Current assets			
Debtors	11	374,632	198,531
Cash at bank and in hand		2,935,617	3,588,622
		<hr/>	<hr/>
		3,310,249	3,787,153
Creditors: Amounts falling due within one year	12	(1,176,498)	(924,309)
		<hr/>	<hr/>
Net current assets		2,133,751	2,862,844
		<hr/>	<hr/>
Total assets less current liabilities		11,549,756	10,744,789
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	13	2,903,159	2,846,713
		<hr/>	<hr/>
Capital and reserves			
Non-equity share capital	15	17	13
Revenue reserves	16	8,646,580	7,898,063
		<hr/>	<hr/>
		11,549,756	10,744,789
		<hr/>	<hr/>

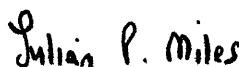
The Financial Statements were approved by the Management Committee on 24 July 2014 and signed on their behalf by:




 Bruce Shelmerdine



 Barry Luhmann



 Julian Miles


 ANDREW SMITH
 SECRETARY

KENISTON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	A	1,764,017	1,515,450
Returns on investments and servicing of finance			
Interest received		19,874	24,579
Interest paid		(369,262)	(245,919)
Net outflow from returns on investments and servicing of finance		(349,388)	(221,340)
		1,414,629	1,294,110
Capital expenditure and financial investment			
Additions to housing properties		(2,329,925)	(1,213,191)
SHG received in the year		410,000	799,991
Proceeds on disposal of other tangible fixed assets		98	6,350
Purchase of other tangible fixed assets		(31,935)	(56,965)
Net cash outflow from capital expenditure and financial investment		(1,951,762)	(463,815)
Net cash (outflow)/inflow before management of liquid resources and financing		(537,133)	830,295
Financing			
Housing loans repaid		(115,872)	(104,272)
Net cash outflow from financing		(115,872)	(104,272)
(Decrease)/Increase in cash		(653,005)	726,023

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

A Reconciliation of operating surplus to net cash inflow from operating activities

	2014 £	2013 £
Operating surplus	920,959	806,635
Other income	48,716	54,424
Depreciation charges	387,660	612,169
Increase in debtors	(66,704)	(36,915)
Increase in creditors	473,386	79,137
	<hr/>	<hr/>
Net cash inflow from operating activities	1,764,017	1,515,450
	<hr/>	<hr/>

B Analysis of changes in net funds

	31 March 2013 £	Cash flows £	31 March 2014 £
Cash at bank and in hand and liquid resources	3,588,622	(653,005)	2,935,617
Debt due after more than one year	(2,841,213)	128,608	(2,712,605)
Debt due within one year	(116,030)	(12,736)	(128,766)
	<hr/>	<hr/>	<hr/>
Total	631,379	(537,133)	94,246
	<hr/>	<hr/>	<hr/>

C Reconciliation of net cash flow to movement in net funds

	£
Decrease in net cash and liquid resources in the period	(653,005)
Cash used to decrease debt	115,872
	<hr/>
Change in net funds	(537,133)
Net funds at 1 April 2013	631,379
	<hr/>
Net funds at 31 March 2014	94,246
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KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting by Registered Social Landlords" ("the SORP"), and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012 ("the Direction").

Tangible fixed assets and depreciation

Housing properties are stated at cost less Social Housing Grant less depreciation and less provision for any impairment in value.

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. The particular components and useful economic lives are as follows:

Land	Infinite
House Structure	100 years
Roof Structure and Covering	25-40 years
Windows and External Doors	30 years
Bathrooms	25-30 years
Kitchens	15 years
Heating System	15-25 years

Land is stated at cost and is not depreciated.

Where a separately identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised.

All depreciation is provided on a straight line basis.

Other fixed assets are included at cost to the Association (i.e. net of any related grants) less depreciation, which is provided on a straight line basis, on the net cost over the useful economic lives of the assets, at the following annual rates:

Office Furniture and Equipment	10-20%
Motor Vehicles	25%
Computer Equipment	25-33%
Scheme Equipment	5-20%

Social Housing Grant

Housing Association Grant ("HAG") was a capital grant made to the Association prior to the 1996 Housing Act towards the cost of acquiring and/or building additional housing for rent or sale. Following the 1996 Housing Act, the Association is eligible for Social Housing Grant ("SHG") towards expenditure on housing activities.

Where general needs developments have been financed wholly or partly by HAG or SHG and other capital subsidies, the cost of these developments has been reduced by the amount of the grant receivable. Where levels of HAG or SHG received are in excess of the cost of land and structure the Association has allocated grant against each separately identifiable component.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

1 Accounting policies (continued)

Social Housing Grant (continued)

HAG and SHG are repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the HAG or SHG repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the Home and Communities Agency's right to recover HAG and SHG to their own loans.

SHG which is received in advance of total development costs is shown as a current liability. SHG received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it related.

Recycled capital grant fund

Following certain relevant events, primarily the sale of dwellings, the Homes and Communities Agency can direct the Association to recycle capital grant (HAG and SHG) or to repay the recoverable capital grant back to the Authority. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund which is included as a creditor due within one year or due after more than one year as appropriate.

Capitalisation of interest

Interest on a fair proportion of total borrowings on housing properties in development is capitalised during the period of development.

Capitalisation of development overheads

Development overheads are capitalised to the extent that they are directly attributable to bringing schemes into working condition for their intended use. Such expenditure consists of a proportion of the cost of staff who work on development activities.

Cyclical maintenance and internal decorations

The costs of repairs, cyclical maintenance and internal decorations are recognised in the Income and Expenditure Account when work is performed.

Restricted funds

Where funds are received or generated, which are held for use limited by restrictions determined by third parties, these are shown as restricted reserves.

Turnover

Turnover comprises rental income and service charges receivable net of voids, fees and revenue grants from local authorities and the Homes and Communities Agency.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within creditors in the Balance Sheet.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

1 Accounting policies (continued)

Turnover (continued)

Service charge and other income is accounted for on the basis of the value of goods or services supplied during the period. Any over or under recovery of service charge amounts due is reflected as a creditor or debtor, respectively.

Through its service charge, the Association collects sinking funds for significant items of future expenditure. Such funds were previously recognised within reserves, but following a detailed review during the year, have been recognised as a liability on the Balance Sheet. Further details of this adjustment are provided in note 3C.

Revenue grants are recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

Major repairs expenditure

The Association capitalises subsequent expenditure on housing properties to the extent that it provides an enhancement to the economic benefit in excess of the standard when the asset was originally constructed or acquired, for example an increase in net rental stream through an increase in rental income, reduction in future maintenance costs or a significant extension to the life of the property. All other major repair expenditure is charged to the Income and Expenditure Account.

Improvements to property that relate to integral assets with a separately identifiable life to the property concerned are also capitalised but are depreciated over their economic life on a straight line basis.

Taxation

The Association has charitable status and is therefore not subject to Corporation Tax on surpluses derived from charitable activities.

The Association is not registered for VAT purposes and expenditure is shown gross of any value added tax.

Pension costs

The Association is part of the Social Housing Pension Scheme, a multi-employer defined benefit (final salary) contributory pension scheme administered independently by The Pensions Trust. The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the Income and Expenditure Account in order to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Provisions

Provisions for liabilities and charges are recognised when the Association has a present obligation (whether legal or construction) as a result of a past event that can be reliably estimated and it is probable that a transfer of economic benefit will be required to settle the obligation.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

2 Turnover and surplus analysis

All turnover and operating costs arose from social housing activities as shown in note 3.

3 Particulars of turnover operating costs and operating surplus

Note A - Particulars of turnover, operating costs and operating surplus

	Turnover	2014 Operating costs	Operating surplus / (deficit)	Turnover	2013 Operating costs	Operating surplus / (deficit)
	£	£	£	£	£	£
Social Housing lettings (note B)	4,250,097	(3,289,444)	960,653	4,059,615	(3,203,472)	856,143
Other Social housing activities:						
Charges for support services	29,179	(68,873)	(39,694)	33,194	(82,702)	(49,508)
Total	4,279,276	(3,358,317)	920,959	4,092,809	(3,286,174)	806,635

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

3 Particulars of turnover operating costs and operating surplus (continued)

Note B - Particulars of income and expenditure from Social Housing lettings are shown below:

	2014 £	2013 £
Income from lettings		
Rent receivable net of identifiable service charges	3,837,160	3,669,522
Service charges receivable	412,937	390,093
	<hr/>	<hr/>
Net rents receivable	4,250,097	4,059,615
	<hr/>	<hr/>
Total income from social housing lettings	4,250,097	4,059,615
	<hr/>	<hr/>
Expenditure on letting activities		
Management	589,362	536,984
Service charge costs	334,930	342,026
Adjustment for sinking fund balances (note C)	370,027	-
Routine maintenance	1,061,937	962,062
Planned maintenance	507,972	687,962
Bad debts	18,876	16,306
Depreciation of tangible assets	440,795	460,009
Replacement of property components		
- accelerated depreciation on disposal	582,974	561,145
- release of grant on disposal	(691,664)	(464,112)
Other costs	72,291	70,682
Development	1,944	30,408
	<hr/>	<hr/>
Operating costs on social housing lettings	3,289,444	3,203,472
	<hr/>	<hr/>
Operating surplus on social housing lettings	960,653	856,143
	<hr/>	<hr/>

Rents receivable above are shown net of losses from voids of £12,154 (2013: £17,166)

Note C - Adjustment for sinking fund balances

The Association collects sinking funds from its tenants and leaseholders for significant items of future expenditure, in accordance with its tenancy and lease agreements. Such funds were previously recognised within reserves, but since these balances represent a liability towards future works, they have now been disclosed within creditors on the Balance Sheet. As such £370,027 has been adjusted through the Income and Expenditure Account in the current financial year. £184,973 is shown within creditors due within one year and £185,054 is shown within creditors due after more than one year.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

4 Emoluments of the Management Team ("MT")

	2014 £	2013 £
Aggregate emoluments of the MT (including pension contributions and benefits in kind)	232,471	210,857
The emoluments of the highest paid MT member, the Chief Executive were:		
Gross salary (excluding pension contributions and benefits in kind)	70,380	68,865
Full time equivalent staff with remuneration between:		
£60,000 and £70,000	-	1
£70,000 and £80,000	1	-

The Chief Executive is a member of the company pension scheme, on standard terms.
No member of the Management Committee receives any emoluments.

5 Employee information

The average monthly number of persons (excluding Management Committee members) employed during the year expressed in full time equivalents based on a 35 hour week was:

	2014 No.	2013 No.
Office staff	17	17
Wardens, caretakers and cleaners	9	7
Maintenance	1	1
Full time equivalents	27	25
	£	£
Staff costs (including the Chief Executive)		
Wages and salaries	831,839	794,326
Social security	66,288	62,091
Pension costs	99,529	63,963
	997,656	920,380

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

6	Interest payable and similar charges	2014	2013
		£	£
	On housing loans repayable wholly or partly in more than five years	238,377	245,919
		<hr/>	<hr/>
7	Surplus for the year	£	£
	The surplus is stated after charging/(crediting):		
	Depreciation of tangible fixed assets		
	- housing properties	440,795	460,009
	- other fixed assets	55,555	55,127
	Auditors' remuneration (excluding VAT)		
	- as auditors	14,250	13,333
	- for other services	540	-
	Loss/(Surplus) on sale of fixed assets	626	(4,018)
		<hr/>	<hr/>
		£	£
8	(Loss)/Surplus on disposal of fixed assets		
	Proceeds from sale (gross)	98	6,350
	Net book value at disposal	(724)	(2,332)
		<hr/>	<hr/>
		(626)	4,018
		<hr/>	<hr/>

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(continued)

9 Housing properties

	Freehold housing properties held for letting £	Properties in the course of construction £	Long leasehold housing properties £	Total £
Cost				
At 1 April 2013	57,349,768	613,587	372,731	58,336,086
Additions	-	1,596,600	-	1,596,600
Component Replacement	1,001,739	-	-	1,001,739
Disposals	(763,747)	-	-	(763,747)
At 31 March 2014	57,587,760	2,210,187	372,731	60,170,678
Social Housing Grant				
At 1 April 2013	45,525,236	613,587	141,987	46,280,810
Received in year	97,500	610,330	-	707,830
Disposals	(691,664)	-	-	(691,664)
At 31 March 2014	44,931,072	1,223,917	141,987	46,296,976
Accumulated depreciation				
At 1 April 2013	4,402,552	-	27,804	4,430,356
Charge for the year	440,795	-	-	440,795
Disposals	(180,773)	-	-	(180,773)
At 31 March 2014	4,662,574	-	27,804	4,690,378
Net book value				
At 31 March 2014	7,994,114	986,270	202,940	9,183,324
At 31 March 2013	7,421,980	-	202,940	7,624,920

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014
(continued)

10 Other fixed assets

	Freehold office premises £	Office equipment £	Scheme equipment £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 1 April 2013	206,910	262,008	476,699	52,386	121,731	1,119,734
Additions	-	3,230	7,922	-	20,783	31,935
Disposals	-	-	-	-	(12,842)	(12,842)
At 31 March 2014	206,910	265,238	484,621	52,386	129,672	1,138,827
Depreciation						
At 1 April 2013	104,639	248,365	382,239	24,288	103,178	862,709
Charge for year	3,940	2,816	22,446	11,834	14,519	55,555
Disposals	-	-	-	-	(12,118)	(12,118)
At 31 March 2014	108,579	251,181	404,685	36,122	105,579	906,146
Net book value						
At 31 March 2014	98,331	14,057	79,936	16,264	24,093	232,681
At 31 March 2013	102,271	13,643	94,460	28,098	18,553	257,025

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

11	Debtors	2014	2013
		£	£
	Rental debtors	190,132	141,055
	Less provision for bad and doubtful debts	(41,450)	(40,188)
		<hr/>	<hr/>
		148,682	100,867
	Other debtors	60,188	42,282
	Prepayments and accrued income	54,336	55,382
	Grant receivable	111,426	-
		<hr/>	<hr/>
		374,632	198,531
		<hr/>	<hr/>
12	Creditors: Amounts falling due within one year	£	£
	Rents paid in advance	109,379	74,761
	Sinking funds (note 3)	184,973	-
	Housing loans (note 14)	128,766	116,030
	Other creditors and accruals	734,801	547,086
	Taxation and social security	18,579	28
	Grant received in advance	-	186,404
		<hr/>	<hr/>
		1,176,498	924,309
		<hr/>	<hr/>
13	Creditors: Amounts falling due after more than one year	£	£
	Housing loans (note 14)	2,712,605	2,841,213
	Sinking funds (note 3)	185,054	-
	Other creditors and accruals	5,500	5,500
		<hr/>	<hr/>
		2,903,159	2,846,713
		<hr/>	<hr/>

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

14 Housing loans

In November 2008 the Association drew down a loan of £1,450,000 from Dexia Public Service Bank which is repayable in instalments by 2028 of which £174,888 had been repaid by 31 March 2014 (2013: £135,982). Interest is charged linked to Libor and was fixed for the five year period from March 2009 to March 2014 and subsequently, from March 2014 has been fixed over the remaining term of the loan. This loan is secured by a first legal charge over certain of the Association's housing properties. This loan will be used for the general needs of the Association including development.

Housing loans totalling £2,153,359 were consolidated as a single loan from Orchardbrook Limited in March 2000 and are repayable in instalments by 2024. £587,100 has been repaid by 31 March 2014 (2013: £510,134). The loan is secured by a first legal charge over certain of the Association's housing properties and is repayable at a fixed rate of interest.

Instalments on both loans are as follows:

	2014 £	2013 £
Within one year	128,766	116,030
Between one and two years	143,103	128,940
Between two and five years	532,304	511,512
In five years or more	2,037,198	2,200,760
	<hr/>	<hr/>
	2,841,371	2,957,242
	<hr/>	<hr/>

15 Non-equity share capital

	2014 £	2013 £
At 1 April	13	13
Issued	4	-
	<hr/>	<hr/>
At 31 March	17	13
	<hr/>	<hr/>

The shares have limited rights. They carry no entitlement to dividend, they are not repayable and do not participate in a winding up. They carry the following voting rights: to approve the Financial Statements, to appoint members of the Management Committee and the auditors, and to pass resolutions.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

16	Reserves	2014 £	2013 £
	Balance at 1 April	7,898,063	7,254,326
	Surplus for the year	748,517	643,737
		<hr/>	<hr/>
	Balance at 31 March	8,646,580	7,898,063
		<hr/>	<hr/>

17 Pension Scheme

The Association participates in the Social Housing Pension Scheme, SHPS ("the Scheme"). The Scheme is funded and is contracted-out of the State Pension Scheme. At the balance sheet date there were 19 (2013: 19) active members of the Scheme employed by the Association.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

The shortfall is funded by the payment by each participating employer of additional contributions. The additional contributions for the year ended 31 March 2015 will be £66,681. Additional contributions are payable until 2026.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

18 Analysis of accommodation

	Units under management	
	2014 No.	2013 No.
Housing accommodation:		
General needs social housing	584	584
Housing for older people	127	127

19 Financial commitments

At 31 March 2014 the Association had contracted for stock reinvestment expenditure, so far as not provided for, of £359,096 (2013: £315,955).

At 31 March 2014 the Association had contracted development expenditure, so far as not provided for, of £68,822 (2013: £1,583,574).

At 31 March 2014 the Association had £1,170,840 (2013: £840,960) of capital expenditure approved by the Board but not yet contracted. This primarily relates to the Association's stock reinvestment expenditure for the forthcoming year.

The above commitments are proposed to be financed by cash reserves.

20 Social Housing Grant

	Treated as capital grant £	Treated as revenue grant £	Total 2014 £	Total 2013 £
At 1 April	46,467,214	12,619,639	59,086,853	58,750,974
Additions (see below)	521,426	-	521,426	799,991
Disposals	(691,664)	-	(691,664)	(464,112)
At 31 March	46,296,976	12,619,639	58,916,615	59,086,853
Capital grant amortised to the Income and Expenditure Account	5,253,776	-	5,253,776	4,673,538
Total grant received as at 31 March	51,550,752	12,619,639	64,170,391	63,760,391

At the year end, £111,426 of Social Housing Grant was receivable and is included in debtors.

KENISTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

21 Legislative regulations

The association is incorporated under the Industrial and Provident Societies Acts 1965 to 2002 and is a Registered Provider of Social Housing registered with the Homes and Communities Agency.

22 Related Party Transactions

There were no related party transactions during the year.